

THE FEDERAL LONG TERM CARE INSURANCE PROGRAM

# Long Term Care Planning

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# Agenda

## Long term care (LTC) basics

- ▶ what is LTC?
- ▶ what pays for LTC?
- ▶ LTC insurance
- ▶ other solutions

## FLTCIP benefits and features

- ▶ plan design and features
- ▶ eligibility and enrollment
- ▶ resources



# What is long term care?

- ▶ Non-skilled care
- ▶ Help with activities of daily living (ADLs):
  - ▶ transferring
  - ▶ bathing
  - ▶ continence
  - ▶ dressing
  - ▶ toileting
  - ▶ eating
- ▶ Supervision due to cognitive impairment



# Care settings

- ▶ The most common care settings:
  - ▶ home
  - ▶ assisted living facilities
  - ▶ nursing homes
- ▶ Alternative care settings:
  - ▶ adult day care centers
  - ▶ continuing care retirement communities



# Benefits that don't cover LTC

- ▶ Long term disability insurance
- ▶ Health insurance
  - ▶ Federal Employees Health Benefits (FEHB) Program
  - ▶ TRICARE and TRICARE For Life
- ▶ Medicare
  - ▶ rehabilitative benefits on a short-term basis, subject to restrictions

# Does Medicaid pay for LTC?

- ▶ Medicaid is a federal and state program that provides care to those who meet their state's poverty guidelines
- ▶ It pays primarily for nursing home care
- ▶ You must spend down your assets to qualify
- ▶ There are income limits; your pension or annuity may exceed your state's Medicaid income guidelines

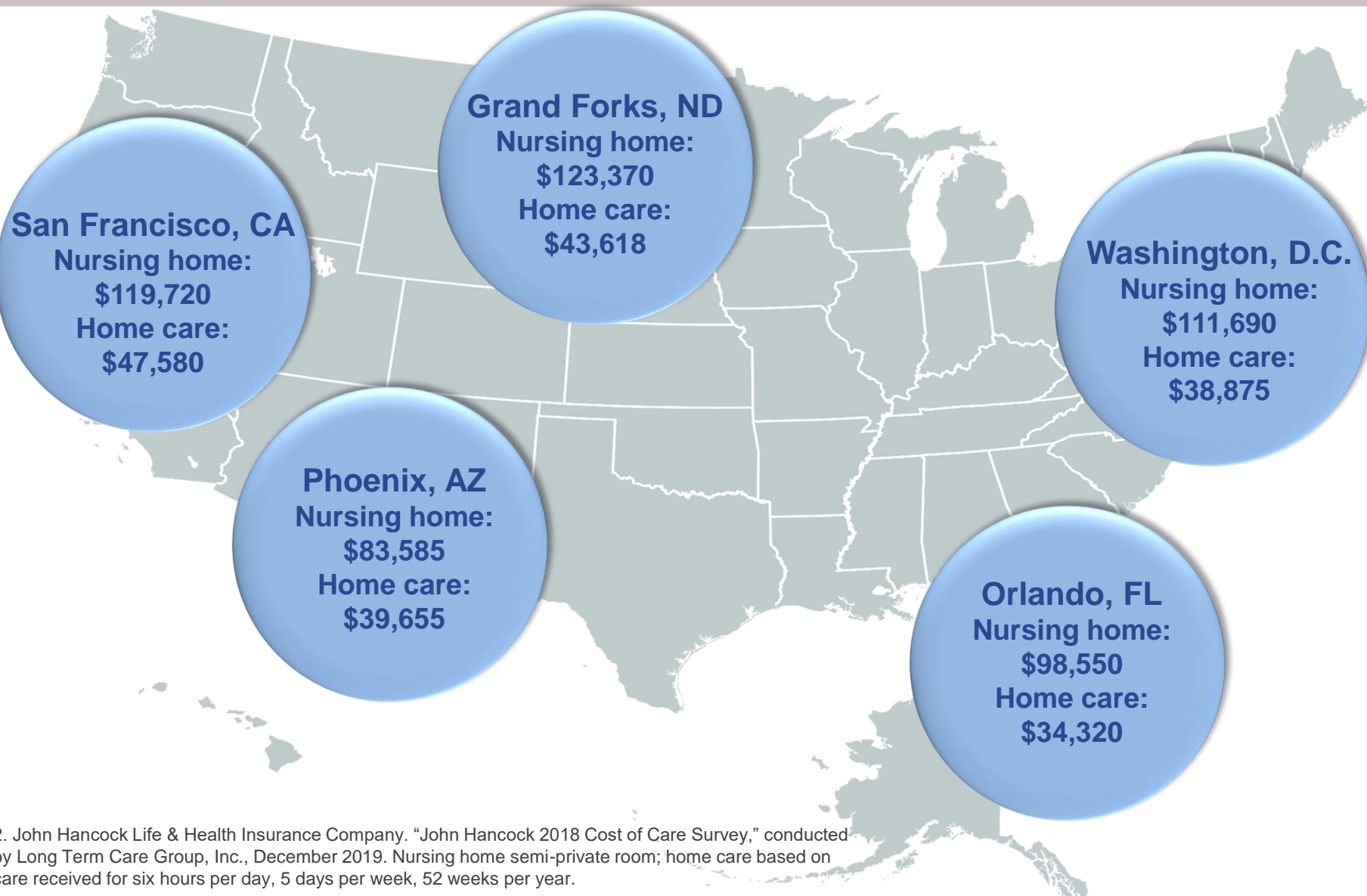


# Does the VA pay for LTC?

- ▶ Veterans Health Administration
  - ▶ may provide LTC coverage based on:
    - ▶ service-connected disability
    - ▶ available funding
    - ▶ ability to contribute to cost of care
- ▶ Veterans Benefit Administration
  - ▶ Aid and Attendance Benefit:
    - ▶ wartime veterans or their surviving spouses
    - ▶ low income or assets
    - ▶ require paid assistance with ADLs



# Cost of care<sup>2</sup>



2. John Hancock Life & Health Insurance Company. "John Hancock 2018 Cost of Care Survey," conducted by Long Term Care Group, Inc., December 2019. Nursing home semi-private room; home care based on care received for six hours per day, 5 days per week, 52 weeks per year.

# Other solutions

Types of Coverage	Purpose
<b>Standalone LTC insurance</b>	Insurance dedicated to paying for long term care needs
<b>Combo products</b>	Life insurance or annuity with a long term care provision built in
<b>Reverse mortgages</b>	A type of home equity loan, a home owner can tap into home equity without selling or moving, and use the money to pay for long term care
<b>Continuing care retirement community</b>	Providing a continuum of care, CCRCs offer part independent living, part assisted living, and part skilled nursing home care based on residents' changing needs

# The FLTCIP can help

- ▶ The FLTCIP reimburses for the types of care that health insurance doesn't pay for, and that families often struggle to provide—this is what it's designed to do
- ▶ The FLTCIP can help:
  - ▶ protect enrollees' retirement plans
  - ▶ allow enrollees to stay at home for as long as possible
  - ▶ reduce family members' stress
  - ▶ facilitate informed decision-making each step of the way

# The FLTCIP offers comprehensive coverage

Decide where your care will take place:

- ▶ home
- ▶ adult day care center
- ▶ assisted living facility
- ▶ nursing home
- ▶ hospice facility



# Identify your caregivers

- ▶ Formal caregiver:
  - ▶ caregiver whose services are arranged and supervised by a home care agency (including visiting nurse associations and hospice agencies)
- ▶ Informal caregiver:
  - ▶ friend, relative, and unlicensed caregiver, as long as that person isn't your spouse or domestic partner and didn't live in your home when you became eligible for benefits
  - ▶ informal care provided by family members is covered for up to 500 days of care in your lifetime



# Designing your FLTCIP coverage

1. Choose a daily benefit amount (DBA)
2. Choose a benefit period
3. Choose your inflation protection



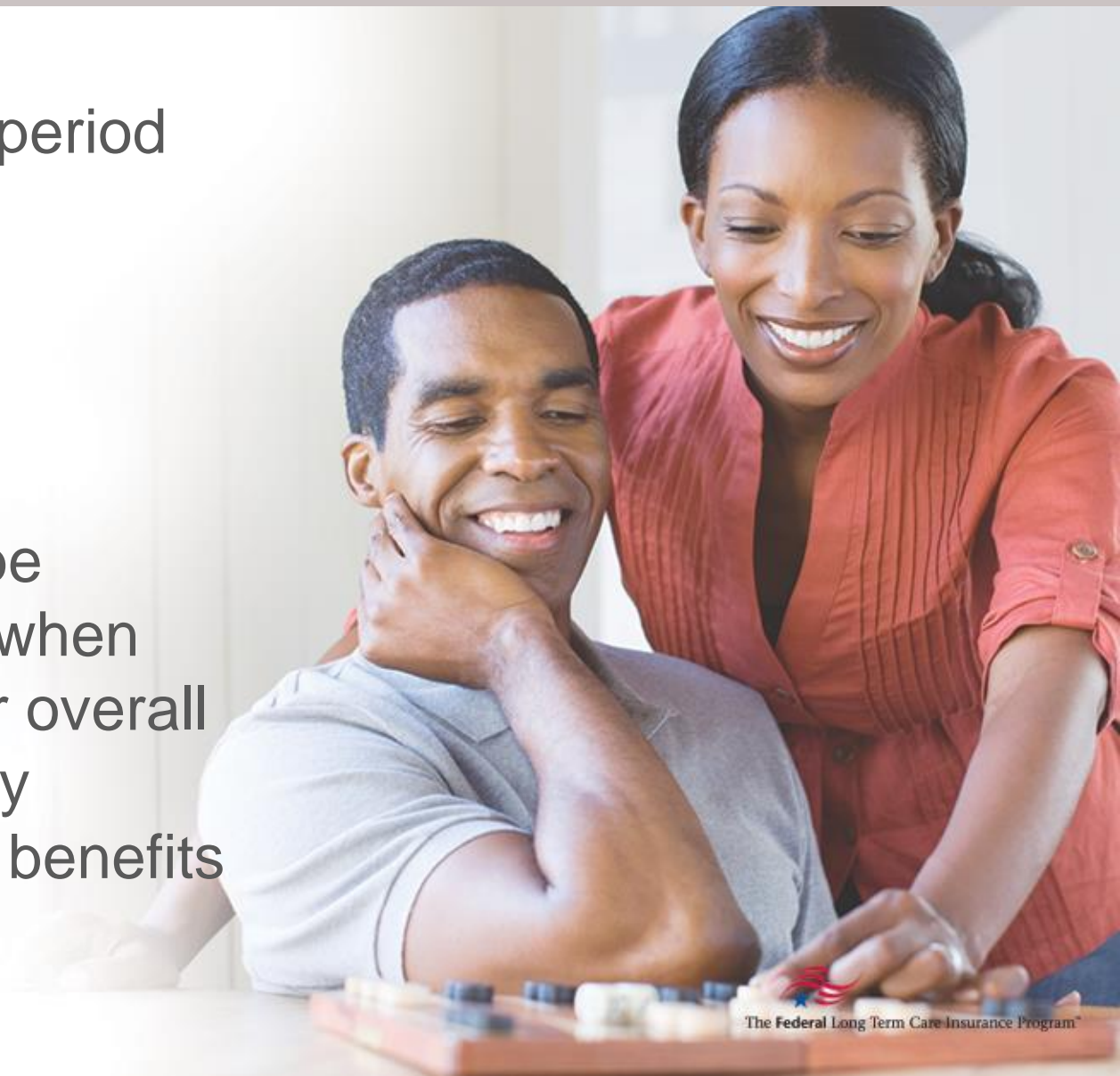
# Decision #1: Daily benefit amount

- ▶ Choose between \$100 and \$450 per day
  - ▶ \$50 increments
- ▶ Covered expenses are paid up to 100% of DBA for care, regardless of location
- ▶ Consider the cost where you live



# Decision #2: Benefit period

- ▶ Choose a benefit period
  - ▶ 2 years
  - ▶ 3 years
  - ▶ 5 years
- ▶ This number will be multiplied by 365 when you calculate your overall benefit due to daily reimbursement of benefits



# How it works: Maximum lifetime benefit (MLB)

\$150\* (DBA)

✗ 1,095 days (3-year benefit period)

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\$164,250\* (MLB)

\*Inflation protection works to help keep this number relevant over the years.

# Decision #3: Inflation protection

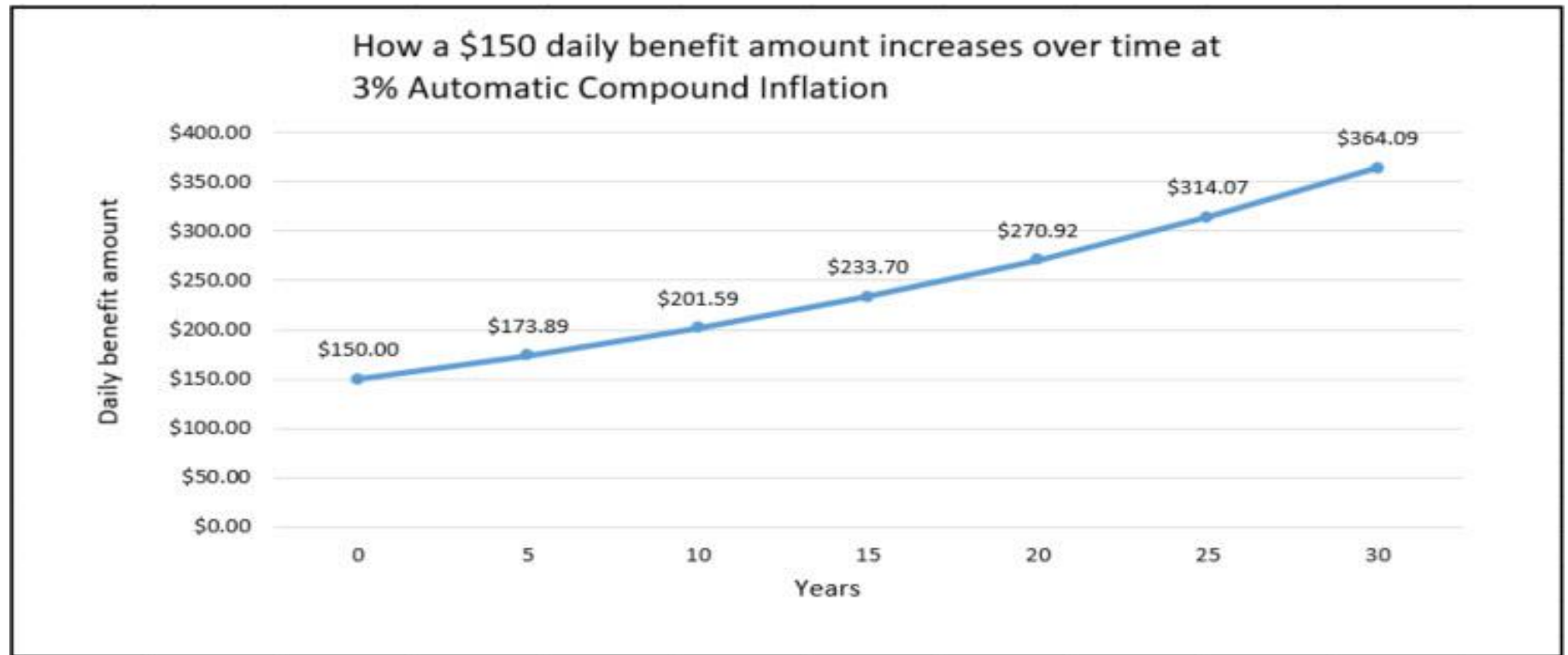
Keep pace with the rising costs of care

- ▶ Two approaches:
  - ▶ Automatic compound inflation option (ACIO)
  - ▶ Future purchase option (FPO)



# Automatic compound inflation option

- ▶ 3% ACIO
- ▶ Your benefits automatically increase 3%, compounded annually



# Future purchase option (FPO)

- ▶ Offer to purchase additional coverage every two years to keep up with inflation
- ▶ There is no additional underwriting
- ▶ Your new benefits are priced at your attained age
- ▶ If you decline three offers, you must provide evidence of your good health to resume receiving increases again



# Sample biweekly premiums

Age at purchase	\$150 DBA, 3-year benefit period \$164,250 MLB		\$200 DBA, 5-year benefit period \$365,000 MLB	
	3% ACIO	FPO	3% ACIO	FPO
40	\$37.29	\$16.60	\$73.27	\$30.78
50	\$52.42	\$27.16	\$103.30	\$52.26
60	\$93.93	\$58.63	\$185.15	\$115.08
70	\$174.00	\$132.74	\$345.33	\$263.77

Premiums are not guaranteed. Your premium will not change because you get older or your health changes or for any other reason related solely to you. We may only increase your premium if you are among a group of enrollees whose premium is determined to be inadequate. While the group policy is in effect, the U.S. Office of Personnel Management (OPM) must approve an increase in premium.

# Waiting period

- ▶ 90 calendar days
- ▶ No incurred expenses required during this time
- ▶ Only needs to be satisfied once during your lifetime
- ▶ No FLTCIP benefits paid during this time, except for:
  - ▶ hospice and respite services
  - ▶ stay-at-home benefit

# Stay-at-home benefit

- ▶ Can be used during waiting period
- ▶ Does not reduce maximum lifetime benefit
- ▶ Benefits payable up to 30 times DBA:
  - ▶ durable medical equipment
  - ▶ home safety checks
  - ▶ home modifications
  - ▶ emergency medical response systems
  - ▶ care planning visits
  - ▶ caregiver training (up to 7 times DBA)

# Care coordination

Our care coordinators are registered nurses who have worked extensively in the field of LTC. They can:

- ▶ provide information and assistance regarding your LTC options
- ▶ help you find care providers in your area
- ▶ provide access to discounts for services, when available, in your area
- ▶ monitor the care you are receiving
- ▶ assist with changing your plan of care as your needs change

Note: The FLTCIP also provides certain care coordination services to qualified relatives of enrollees at no cost.



# International coverage

- ▶ The FLTCIP features international benefits that pay for covered services received outside of the United States
- ▶ When you receive such services, the FLTCIP pays benefits up to the amounts shown on your schedule of benefits for those covered services
- ▶ No war exclusion
  - ▶ benefits may be payable for conditions due to war or acts of war, declared or undeclared, or service in the armed forces or auxiliary units



# Premium stabilization feature

- ▶ The premium stabilization feature (PSF) is an adjustable dollar amount that is calculated as a percentage of FLTCIP premiums paid
- ▶ This feature is designed to reduce the potential need for future premium increases
- ▶ Under certain circumstances, the PSF may also be used to:
  - ▶ offset future premium payments
  - ▶ provide a refund of premium death benefit
- ▶ Visit [LTCFEDS.com](https://LTCFEDS.com) for more details



# PSF amount

- ▶ The portion of premium available as your PSF amount is equal to:
  - ▶ the total amount of premium you paid multiplied by the current PSF percentage, less
  - ▶ benefit amounts paid on your behalf for FLTCIP claims, and less
  - ▶ any prior uses of the PSF amount to pay premiums for you as a premium offset

Example Scenarios			
Variables	1. No claims paid	2. Claims of \$10,000	3. Claims of \$60,000
Policy year	20	20	20
Total premium paid	\$40,000	\$40,000	\$40,000
PSF percentage at year 20	35%	35%	35%
Claims paid to date	\$0	\$10,000	\$60,000
Refund of premium death benefit	\$14,000	\$4,000	\$0

# Are my premiums guaranteed?

- ▶ FLTCIP coverage is guaranteed renewable, but premiums are not guaranteed
- ▶ Your premium will not change because of your age or health
- ▶ Premiums may only increase if you are in an enrollee group whose premium is determined to be inadequate
  - ▶ OPM must approve an increase in premium
- ▶ Your premium may also increase if you voluntarily elect to increase your benefits

# FLTCIP strengths

- ▶ The FLTCIP is:
  - ▶ the only group long term care insurance program for the federal family
  - ▶ supported by the strength and stability of John Hancock Life & Health Insurance Company
  - ▶ sponsored and regulated by the U.S. Office of Personnel Management (OPM)
    - ▶ FLTCIP premiums are held in an experience fund, separate from John Hancock's other assets
    - ▶ performance metrics



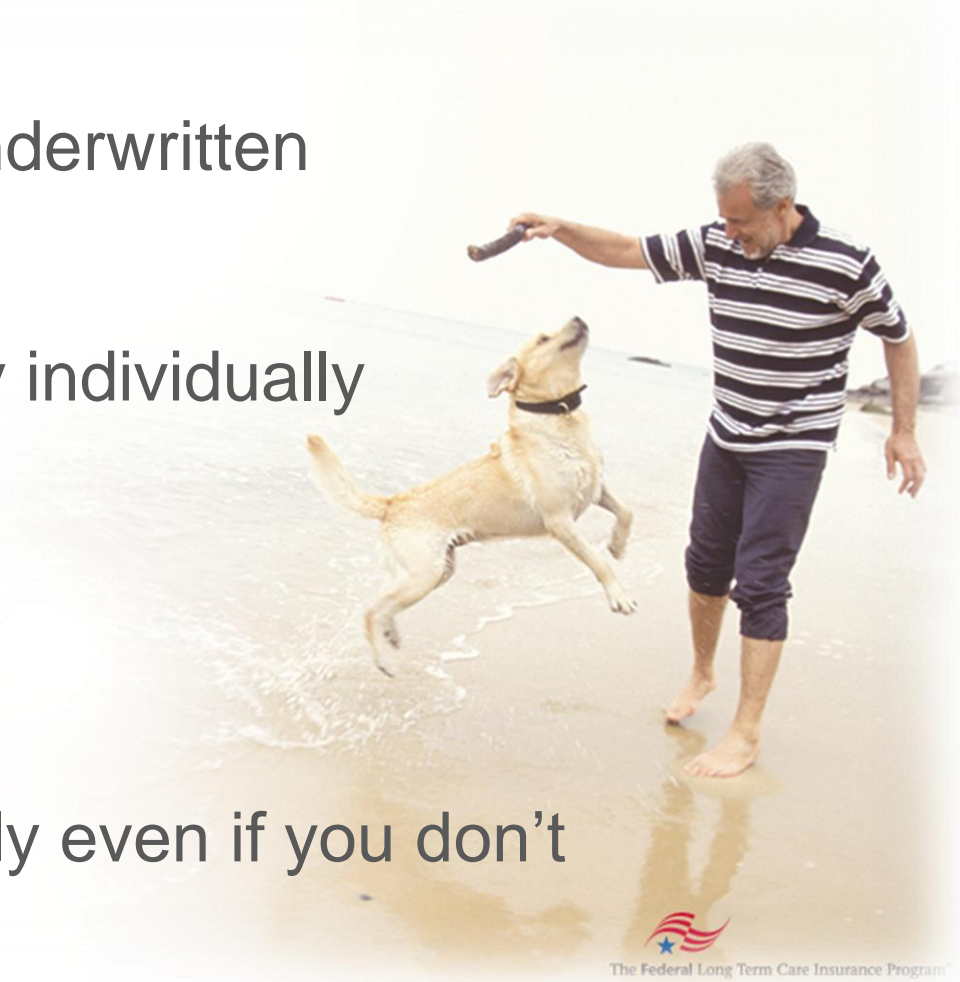
**OPM.GOV**

# Who is eligible to apply?

- ▶ Federal and U.S. Postal Service (USPS) employees and annuitants
- ▶ Active and retired members of the uniformed services
- ▶ Qualified relatives:
  - ▶ Current spouses, domestic partners, and adult children of *all* the above
  - ▶ Parents, parents-in-law, and stepparents of employees and active members of the uniformed services
  - ▶ Surviving spouses receiving a survivor annuity or basic employee death benefit

# Coverage details

- ▶ Premiums are based on your age at time of application
- ▶ The FLTCIP is medically underwritten
- ▶ Each participant must apply individually
- ▶ Coverage is fully portable
- ▶ Qualified relatives may apply even if you don't



# Resources

- ▶ Program consultants are available:
  - ▶ weekdays, from 8 a.m. to 6 p.m. (ET)

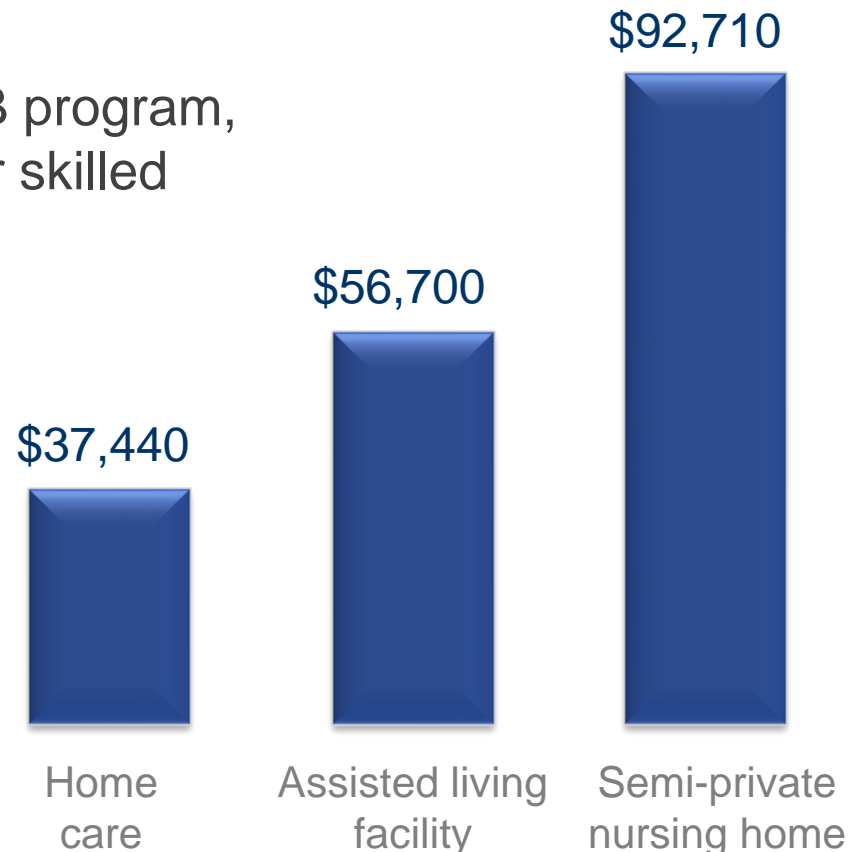
- ▶ **1-800-LTC-FEDS**  
(1-800-582-3337)  
**TTY 1-800-843-3557**

- ▶ **LTCFEDS.com**
  - ▶ planning tools
  - ▶ premium rates
  - ▶ brochures and applications

# Why plan for long term care?

## We are not automatically covered:

- ▶ 70% of people turning age 65 can expect to use some form of LTC at some point in their lives<sup>1</sup>
- ▶ TRICARE, TRICARE For Life, the FEHB program, and Medicare are only intended to cover skilled or short term medical care
- ▶ Medicaid and the VA may provide some care, but there are strict eligibility requirements
- ▶ Long term care is expensive<sup>2</sup>



<sup>1</sup>U.S. Department of Health and Human Services. National Clearinghouse for Long-Term Care Information, [longtermcare.acl.gov/the-basics](http://longtermcare.acl.gov/the-basics) (accessed February 2020).

<sup>2</sup>John Hancock Life & Health Insurance Company. "John Hancock 2018 Cost of Care Survey," conducted by Long Term Care Group, Inc., December 2019.

# Thank you.



The Federal Long Term Care Insurance Program™

**1-800-LTC-FEDS**

**(1-800-582-3337) TTY 1-800-843-3557**

**LTCFEDS.com**

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